

## Message Text

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ORIGIN EB-05

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R 241904Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY GABORONE

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REF: GABORONE 0955

FOLLOWING REPEAT STATE 156173 SENT ACTION BRASILIA & MONTEVIDEO  
DATED 23 JULY 1974 IN RESPONSE TO PARA 3 REFTEL:

QTE

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FOLLOWING REPEAT STATE 156173 SENT ACTION JIDDA JULY 19, 1974:

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FOR SECRETARY SIMON

FOL REPEAT STATE 156173 SENT ACTION GENEVA DUBLIN  
LONDON BRUSSELS LUXEMBOURG THE HAGUE COPENHAGEN BONN  
PARIS ROME EC BRUSSELS INFO OECD PARIS CANBERRA  
WELLINGTON BUENOS AIRES OTTAWA JUL 18:

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ZFF GENEVA ONLY

E.O. 11652: N/A

TAGS: EAGR

SUBJ: GATT COUNCIL DISCUSSION JULY 19 OF EC BAN ON BEEF  
AND CATTLE IMPORTS

REF: GENEVA 5317

1. FOLLOWING IS GUIDANCE FOR U.S. DELEGATION TO JULY 19 SESSION ON EC BEEF MEASURES: (A) WHILE DIRECT U.S. TRADE AFFECTED BY THE EC ACTION IS MINIMAL (U.S. ANNUAL EXPORTS OF BEEF AND VEAL AFFECTED BY THE BAN AMOUNT TO ABOUT 1,000 TONS, WITH A VALUE OF ROUGHLY DOLS. 2.5 MILLION), U.S. CLEARLY HAS AN INTEREST IN AND IS AFFECTED BY THE EC MEASURE. U.S. IS CONCERNED THAT IT MIGHT BECOME A RESIDUAL MARKET FOR SOME OF THE EXPORTS FROM THE COUNTRIES AFFECTED BY THE BAN ON IMPORTS. THE AMOUNT AND EFFECT OF SUCH DIVERSIONS CANNOT BE ESTIMATED AT PRESENT, BUT ALTHOUGH WE DO NOT EXPECT THESE TO BECOME A GLUT ON THE U.S. MARKET--PARTICULARLY GIVEN THE TEMPORARY NATURE OF THE EC EMBARGO--THEY ILLUSTRATE THAT MEASURES TAKEN BY ONE TRADING BLOC CAN HAVE REPERCUSSIONS ON OTHERS NOT DIRECTLY INVOLVED IN SUBSTANTIAL TRADE WITH THAT BLOC.

(B) THE EC IS NOT ALONE IN FACING THE PROBLEM OF DEPRESSED PRICES FOR DOMESTIC PRODUCERS AS A RESULT OF THE CURRENT EXCESS OF BEEF SUPPLIES. THE U.S. AND OTHER PRODUCERS, MANY OF THEM NOW BARRED FROM THE EC MARKET, FACE THE SAME PROBLEM. THE U.S. UP TO NOW HAS SUCCESSFULLY AVOIDED IMPOSITION OF IMPORT RESTRICTIONS IN THE FACE OF THESE UNFAVORABLE CONDITIONS FOR PRODUCERS IN THE HOPE THAT CONTINUED CONTACT AMONG PRODUCING AND CONSUMING NATIONS WOULD HELP AVOID THE TYPE OF ACTION JUST TAKEN BY THE EC--THAT OF SHIFTING THE BURDEN OF SURPLUS DOMESTIC BEEF SUPPLIES TO OTHER COUNTRIES. US HAD NOT OBJECTED TO EARLIER EC EFFORTS TO SOLVE BEEF PROBLEM BY MEASURES NOT UNDULY INJURIOUS TO OTHER TRADING COUNTRIES SUCH AS INCREASING DOMESTIC LIMITED OFFICIAL USE

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CONSUMPTION THROUGH SUBSIDIZED SALES TO SOCIAL INSTITUTIONS. AMONG THE MOST IMPORTANT IMPLICATIONS ARISING FROM THE EC DECISION IS A POSSIBLE WORSENING OF THE CATTLE CYCLE WITH EXACERBATED PRICE DECLINES AND POSSIBLE HERD LIQUIDATIONS OVER THE SHORT AND MEDIUM TERM, FOLLOWED BY POSSIBLE SHORTAGES OVER THE LONG TERM. SUCH DEVELOPMENTS COULD LEAD TO ADDITIONAL REACTIVE UNILATERAL MEASURES BY OTHER COUNTRIES FURTHER WORSENING

THE ECONOMIC SITUATION AND THE ATMOSPHERE IMMEDIATELY PRECEDING SERIOUS DISCUSSIONS IN THE FRAMEWORK OF THE GATT IN THE MTN ON MEAT AND OTHER AGRICULTURAL COMMODITIES.

(C) BEARING IN MIND US DOES NOT HAVE SUBSTANTIAL EXPORT INTEREST TO EC IN PRODUCT CONCERNED, US REP MAY SUPPORT OTHER DELEGATIONS IN NOTING THAT EC IN VIOLATION OF GATT ARTICLE XI. IF ARTICLE XIX INVOKED, GATT MEMBERSHIP ENTITLED TO EC JUSTIFICATION OF ACTION UNDER CRITERIA OF XIX:1(A) (IMPORTS MUST CAUSE OR THREATEN SERIOUS INJURY) AND EXPLANATION OF INABILITY TO COMPLY WITH PRIOR NOTIFICATION AND CONSULTATION REQUIREMENTS OF XIX:2, AND THAT IN ANY CASE NOTIFICATION STILL REQUIRED.

(D) DEPT DOES NOT CONSIDER IT DESIRABLE TO RELATE EC BAN TO OECD CURRENT ACCOUNT STANDSTILL AGREEMENT AT THIS TIME, SINCE IT COULD RESULT IN UNPRODUCTIVE DISCUSSION ON GENERAL COVERAGE OF STANDSTILL. FURTHERMORE, OECD IS MORE APPROPRIATE FORUM FOR SUCH A DISCUSSION. FYI. EC IMPORT BAN WAS PRIMARILY MEASURE STEMMING FROM ECONOMIC DIFFICULTY DOMESTIC LIVESTOCK INDUSTRY, AND NOT AN ATTEMPT TO MITIGATE CURRENT ACCOUNT PROBLEMS OR INFLATION. END FYI.

(E) IN VIEW OF THE FOREGOING, US WOULD STRONGLY URGE EC TO REVIEW DECISION TO BAN BEEF AND CATTLE IMPORTS AND TO MODIFY THIS ACTION AT THE EARLIEST POSSIBLE DATE. US WOULD ALSO SUPPORT EARLY INTENSIVE AND DETAILED INTERNATIONAL DISCUSSION OF DEVELOPMENTS AND POLICY MEASURES IN INTERNATIONAL TRADE IN MEAT BY MAJOR EXPORTING AND IMPORTING COUNTRIES, ALTHOUGH WE REMAIN OPEN ABOUT PROPER FORUM AND TIMING.

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(F) IF SUBJECT OF JAPANESE RESTRICTIONS ON BEEF IMPORTS ARISE, DELEGATION AUTHORIZED TO TAKE A SIMILAR POSITION ON CURRENT JAPANESE IMPORT EMBARGO, BUT NOTE WE ARE HOPEFUL JAPANESE MEASURE WILL SOON BE LIFTED.

2. FOR GENEVA: BELIEVE GUIDANCE GIVEN WITH EXCEPTION OF THAT IN PARA 1(D) ABOVE ON OECD STANDSTILL FULLY CONSISTENT WITH YOUR REFTEL.

3. FOR USEC BRUSSELS AND EMBASSIES ACCREDITED TO EC MEMBER STATES: REQUEST YOU OBTAIN EARLY MEETING WITH HOST GOVERNMENT (PREFERABLY JULY 19 CONCURRENT WITH GATT COUNCIL DISCUSSION) AND OUTLINE US VIEWS ON EC ACTION AS INDICATED ABOVE AND AS CONTAINED IN DEPARTMENT PRESS STATEMENT ISSUED JULY 18 (SEE SEPTTEL). KISSINGER

UNQTE KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSTRUCTIONS, IMPORT CONTROLS, MEATS, IMPORT LICENSES, REGIONAL ORGANIZATIONS, MEETING DELEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JUL 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**To:** JIDDA  
**Type:** TE  
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